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NEIGHBORHOOD BUSINESS DISTRICTS:
DECLINE CAN BE FICTION!

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NEIGHBORHOOD BUSINESS DISTRICTS: DECLINE CAN BE FICTION!

There is a myth that neighborhood business districts are in decline. This myth exists in spite of the fact that neighborhood business districts (N.B.D.'s) are still around several years after the arrival of shopping centers and many people are earning a living by owning, managing and working in N.B.D. establishments. These factors must provide proof that there is still an economic and population-serving role for the N.B.D.'s. Yet, a review of literature does not produce anything which indicates what this role is; it produces only a variety of urban design plans for some of our nation's neighborhood business areas, all devoid of meaningful and comprehensive attention to the economic aspects of these areas.

The myth that N.B.D.'s are in decline combined with (1) pleas of merchants for planning assistance, (2) the Cincinnati City Planning Commission's recognition of the need for an analysis of all aspects of the city's economic and employment problems and potential, and (3) the City Council's desire to help maintain and improve N.B.D.'s led to in depth analyses of the city's some 120 neighborhood business districts.

A PROGRAM FOR NEIGHBORHOOD BUSINESS DISTRICTS: A SUMMARY

The overriding objective of the City of Cincinnati's N.B.D. Program is that of determining what actions are necessary to stabilize N.B.D.'s economically and, where possible, to improve their economic strength -- i.e., to increase the operational efficiency (profit-making capacity) of their establishments and the use of N.B.D.'s by consumers. The focus has, therefore, been upon issues affecting the economic strength of N.B.D.'s as well as upon the adequacy of the physical facilities. The focus has been upon improving and maintaining existing business areas and not upon the creation of new ones.

The conclusions resulting from the N.B.D. work completed to date stem from the analyses of four major areas of information:

1. The economic potential (or opportunities) and problems confronting N.B.D.'s identified by an analyses of regional economic trends and development expectations, change in establishment types within N.B.D.'s, 1960-1970, and the potential expenditure of market area residents within many N.B.D.-type of establishments;
2. An identification, through the use of the survey research technique, of how relatively well off the city's N.B.D.'s are economically and in what ways the attitudes and behavior (practices) of consumers and merchants may be affecting the economic strength of N.B.D.'s;

3. An identification of the relative condition of N.B.D. structures, the contribution N.B.D.'s make to the city's economy and the attitudes of business people and consumers toward the adequacy of parking, traffic flow problems and related physical conditions; and
4. Identification of programs that might be developed to resolve problems and strengthen N.B.D.'s.

This analytical approach stresses the fact that consumer attitudes toward a business and an N.B.D. and consumer practices relative to such factors as advertising, the availability of credit and pricing affect the economic vitality of businesses and N.B.D.'s. It recognizes that merchants' attitudes and conceptions as to what their problems are affect their behavior and therefore, an N.B.D.'s economic stability. It recognizes that redevelopment activities within business areas are not going to help neighborhoods unless the many factors affecting an N.B.D.'s economic stability are also of concern.

This analytical focus provides convincing proof that the neighborhood business areas have a vital role in the city's economy and a future. It also demonstrates that they have problems and that national and regional economic factors and other market considerations impose limitations upon them. Thus, the paper will be a discussion of the assets of the business districts, their problems and the limitations imposed upon them. In addition, it will briefly highlight the next phase of Cincinnati's Neighborhood Business District planning program. Firstly, it will focus upon the assets of the N.B.D.'s.

ASSETS OF THE N.B.D.'S

N.B.D.'s are too important to have been neglected for so long. They are essential to the city's economy and to the needs of the city's residential communities. By definition an N.B.D. is a concentration of at least five establishments being used for any one or several activities: retail, selected services, financial-real estate-insurance, and professional services. These four types of activities are referred to as N.B.D.-type activities. Some N.B.D.'s also contain manufacturing; wholesale-distribution activities; offices, storage and/or display areas for building contractors and sub-contractors; and the offices of corporations and manufacturing representatives.

Neighborhood business areas and the residential areas they serve are inter-dependent. The business areas provide needed goods and services and are dependent upon residents for patronage. The residents have a daily and weekly need for goods and services. These needs include such things as health services; groceries, drugs, barbers and beauty salons, gasoline, and sometimes such things as clothing, shoes and leisure activities; and educational and child care services. Many of these are provided by N.B.D.'s, for nearly 90 percent of the city's households use them to purchase some or many of the needed goods and services.

Convenience is one of their assets. In 1970, 80 percent of the consumers using N.B.D.'s said convenience is what they like most about shopping in their N.B.D.'s. Another asset is the jobs they provide. The city's 5,150 N.B.D. establishments provided an estimated 35,000 jobs, in 1970; these represented employment for 20-25 percent of the city's labor force. The retail establishments, most selected service establishments and medical-legal services generated an estimated revenue, in 1970, of \$441.0 million. This revenue may have brought \$350,000 in taxes on business profit to city government. The 35,000 jobs may have represented \$2.0 million in taxes on payrolls. The 5,150 N.B.D. establishments also represented for city government, about \$6.0 million in real estate tax revenue. The \$441 million income to retail, most selected service and medical-legal service establishments represented an estimated 66 percent of consumer potential expenditure in these types of establishments.

In 1970, convenience retail establishments (i.e., food stores, service stations and drug stores) captured an estimated 75-80 percent of the potential expenditure; general retail (i.e., hardwares-building material dealers, department-variety stores, auto and auto parts sales, clothing-accessory stores, furniture-home furnishing establishments, eating-drinking establishments, and miscellaneous retail), about 50 percent; convenience selected services (i.e., personal service establishments, auto repairs and related services and miscellaneous household repair services), 100 percent¹ of the potential; amusement-recreational service establishments, 50 percent; and medical-legal service establishments, 70 percent of the potential expenditure.

The percent of potential expenditure estimated as being captured by N.B.D. establishments hints that N.B.D.'s perform specific functions. That is an asset to them. Generally they are not really in competition with regional shopping centers, i.e., downtown and the large department store shopping complexes. The dominant function of regional centers is retail, especially the general retail, and large convenience retail functions. Relative to establishments, e.g., about 25 percent of the retail establishments located within regional centers are department-variety and clothing stores; just over 10 percent are in N.B.D.'s.

The N.B.D.'s function is shifting; it is not declining. It is shifting from retail to services with the advent of the suburban regional shopping centers. In 1963, 81 percent of the regional shopping centers' retail establishments were general retail; in 1967, this value increased to 85 percent. In 1960, nearly 60 percent of the N.B.D.'s establishments were retail; in 1970, just about 50 percent were retail and the rest were services. Retail establishments in N.B.D.'s changed little in number, 1960-1970; service establishments increased in number. Although nearly 90 percent of the city's households use N.B.D.'s, about 70 percent of those using N.B.D.'s appear to be buying most of their higher-cost general retail items, with the exception of automobiles, in regional centers. The survey of consumers as well as information on establishments provides this insight on shopping patterns.

The survey of business people adds confidence to the conclusion that there is a specific functional difference between N.B.D.'s and regional shopping centers. For example, in the survey of merchants, one percent of those answering the question whether or not they are confronting problems (in addition to crime, availability of loans, zoning, parking and traffic) in operating their businesses said too few customers; only 0.3 percent answering the question whether or not they are confronting problems (other than those just cited) in expanding their businesses said competition of shopping centers, which answer included planned N.B.D.'s as well as regional shopping centers. (The planned N.B.D.'s are those business districts having most of their establishments built at the same time and as part of the same structure.)

1960-1970, N.B.D.'s were able to adjust to changes in market demands. They changed in function. This change in function may be what some observers have interpreted to be decline. This change can be demonstrated. For example, for those establishment types for which past information is available -- i.e., all types of retail establishments, selected services except for most business services, financial-real estate-insurance firms and most medical and legal services -- 52 percent of the 3,850 N.B.D.-type establishments located within N.B.D.'s, in 1970, were retail; 26 percent, selected services; 11 percent, financial-real estate-insurance firms; and 11 percent, professional services. In 1960, these same values for some 3,300 establishments were 59 percent, 26 percent, 9 percent and 6 percent, respectively.²

Another adjustment experienced by N.B.D.'s, 1960-1970, was a decline in the number of convenience retail establishments and an equal increase in the number of general retail firms. Food stores accounted for much of the decline in the number of convenience retail establishments; auto and auto parts sales, furniture-home furnishing stores, eating-drinking establishments and miscellaneous retail activities accounted for the increase in the number of general retail establishments. The growing importance of the supermarket and a decline in population accounted for some decline in the number of convenience retail activities. The advent of the large, discount drug store has augmented the decline.

The only selected services not increasing in number within the N.B.D.'s, 1960-1970, were the miscellaneous, household item repair services which declined in number and motion picture theaters which remained unchanged.

Management policies of the suburban regional shopping centers and the high cost of locating within regional centers (and planned N.B.D.'s) appear to be

another asset of the N.B.D.'s. These factors are succinctly outlined in a letter received from one of the city's merchants. This merchant writes: ". . . I should like to point out that operating a store in an area like College Hill (an N.B.D.) in comparison to shopping centers like Northgate has these advantages: 1) lower rent; 2) little or no parking area charges, common area maintenance, mall charge for air-conditioning and heat; 3) center advertising charges; 4) control of store hours; and 5) no restrictions as to merchandise lines; and 6) lower initial investment because, generally, the tenant in shopping centers gets only three walls and a roof and must complete the rest; 7) there are also conditions for paying center's increased tax and insurance costs; 8) the burden of long-term leases, a minimum of 7-10 years and probably 15-20 years." What this statement represents is the desire and need of merchants to have flexibility in the management of their businesses and in the selection of merchandise lines and services. It also implies there is a need for reasonable rent levels.

There are businesses which operate within a tight sales-operating cost-profit structure. These are businesses which need fairly low-rent locations. There are people who want to go into business. Their capital assets are limited; they may be unwilling to gamble with expensive, long-term leases or mortgages, and/or their line of products and services are untested in the market place. These, too, are businesses wanting and needing fairly low-rent locations.

Beauty is not important to most consumers. Most consumers, even most of those using N.B.D.'s having substantial signs of building deterioration and fairly-high vacancy, seem to consider the establishments in the N.B.D.'s to be generally attractive and modern. The consumers do not seem to feel a need to shop in an air-conditioned, mall-type of N.B.D. Older N.B.D.'s which provide reasonable rent locations seem to satisfy them. Most consumers also seem to feel that the quality of products and services is good. This is the case even in lower-income areas, the kind about which many words stating the contrary have been written.

Most N.B.D.'s are doing equally well economically. Through the use of four indicators of economic strength and a sophisticated statistical test it was possible to determine a relative measure of economic well-being for most N.B.D.'s.³ This measure showed most N.B.D.'s are doing equally well. There is no apparent geographical or locational pattern for those that are below average economically. A business area in a model cities area is apt to be just as well off as one in a higher income area. The four indicators used to determine the relative economic strength of individual N.B.D.'s are dollar sales in 1969, percent change in sales occurring between the first six months of 1969 and the first six months of 1970, profit for the year 1969 and the percent change in profit occurring between the first six months of 1969 and those same months of 1970.

Based upon the type of businesses located within a given N.B.D., 78 percent of the N.B.D.'s were found to have an average level of sales; 70 percent, an average performance or profit; 62 percent, an average change in sales; and 90 percent, an average change in profit. These values show the N.B.D.'s to be generally stable economically. Other indicators were found that give confidence to this statement. The median time N.B.D. businesses have been at their present locations was ten years. Over 75 percent of the merchants said the volume of business increased between the first six months of 1969 and those same months

of 1970. About 70 percent said their inventory had not changed and 77 percent said employment had not changed. Two-thirds said their revenue had increased or not changed, 70 percent said their profit had increased or remained stable. Increases in pricing helped revenues and profit to increase or to remain unchanged. For 1970-1971, the merchants showed substantial optimism; nearly 60 percent expected their sales to increase. It must be kept in mind, however, that some N.B.D.'s are not so fortunate.

SOME PROBLEMS CONFRONTING THE N.B.D.'S

Although business areas have been able to shift in function, are surviving and have economic advantages, they are not without problems. Some problems are attitudinal; others represent a limitation in knowledge. There is a need to be concerned with business management and marketing, government-provided services and the multiplicity of N.B.D.'s. The sample survey of business people and sample survey of consumers, undertaken for the City Planning Commission by the University of Cincinnati Institute for Metropolitan Studies, enabled the nature of many attitudinal and behavioral types of concerns and issues to be identified -- and many preconceived ideas to become questionable or to be put into a more accurate perspective. The surveys, which were undertaken as pilots, tell that there is a dire need for merchants to be able to better plan, organize and control their businesses and to undertake a more organized approach in marketing their products and services. They also tell that there is a need to be concerned with crime, with misconceptions and the lack of knowledge of both merchants and consumers, and with the limited knowledge merchants have as to the services already provided by government and private organizations. They tell that there is a need, too, for knowledge which will enable merchants to be able to more easily adjust to the demand of their market. To demonstrate these needs are the following results from the pilot surveys.

1. Over a one-year time period (i.e., mid-1969 through mid-1970) fewer than 15 percent of the merchants said they applied for loans. Many appear not to do financial planning; some may even fear being in debt.
2. Just 50 percent said they have taken courses or seminars in business practices, 45 percent provided no credit sales and only 30 percent had store credit accounts. In N.B.D.'s having above the normal level of sales, 40 percent had store credit accounts and just 35 percent had no credit sales.
3. Consumers may not be aware to what extent credit is available in many N.B.D.'s and many may frequent just those establishments providing credit. Nearly 55 percent of the merchants said they do provide credit sales and an equal number of the consumers believed credit to be available, but another 37 percent said they do not know if credit is or is not available. To many people credit is quite important. Of those believing credit to be available, one-quarter said it is a major advantage to them. In fact, 57 percent of those merchants in N.B.D.'s having above average sales provided credit sales. Statistical tests showed the 57 percent to be significant.
4. Many merchants do not know of all the services already being provided by government that can be of benefit to them. Only 50 percent of the merchants cited problems within their N.B.D.'s they feel should be of

concern to city government. In N.B.D.'s having above average profit this value was about 60 percent. In some market areas it was as low as 15-20 percent.

5. About 20 percent of the consumers felt prices were higher than those of non-N.B.D. establishments; only 5 percent felt they were lower. In those N.B.D.'s having above average sales, over 10 percent felt that prices were lower; in those having below average sales, this value was 4 percent. Statistical significance tests showed the difference between 10 percent and 4 percent to be significant.
6. About three-eighths of the consumers did not feel the variety of goods and services available in that N.B.D. they most often use was wide. This response may reflect a desire for the kind of products or services for which an N.B.D.'s market or a market area's demand is limited, or it may represent a merchandising problem. A merchandising problem may reflect an inability to adjust quickly enough to a changing population and market.
7. Many merchants need to create an image in the minds of consumers. They need to create an image, e.g., that prices are not higher, when in fact they are not; that they are selling a specialized, unique, in-crowd product line; or that immediate personal attention to the consumers' needs is a motto. Advertising is one way of accomplishing this need. About 70 percent of the merchants advertised and 55 percent of the consumers said they use ads in making purchasing decisions. Yet, consumers seem to have misconceived images. Maybe the merchants do not advertise the right goods and services, use the wrong media, ignore the need to reflect an image in their ads. Some may be over-advertising; others, under-advertising. Some may be best off using the word-of-mouth advertising; others may need to use the media. Of the 70 percent who said they advertise, 40-45 percent relied upon just one medium and the median amount of money spent for advertising ranged between \$100 and \$1,000, in 1969, for those whose advertising was not provided by a regional or national affiliate. Newspapers are a commonly used medium.
8. There appear to be too many small districts in close proximity to one another and thereby, they are weakening one another economically. It is especially within the inner city where N.B.D.'s are most numerous in number -- and where some are gradually phasing themselves out of existence. The challenge in the suburban areas is finding ways to limit the number of business districts. The business districts that are above average economically are drawing from a larger area and have fewer walking consumers than those that are below average.
9. Merchants appear to be over-perceiving the parking problem. About 17 percent of the consumers said parking is inadequate; 38 percent of the merchants said it is inadequate. Measures of available on-street and off-street parking spaces per occupied establishment indicate that about one-quarter of the N.B.D.'s may have meaningful parking deficiencies.
10. About 36 percent of the merchants felt they are confronting crime problems, especially breaking and entering, robbery and shoplifting.

This feeling was greater in lower-income and changing neighborhoods. For the latter areas, fear of crime may have been reflected in the merchants' responses. Fear is significant. There was a tendency for merchants in these areas to be considering relocation more than was the case for the city's merchants as a group.

Economic instability is indicated in other ways as well. Some economic instability is negative and some is positive. Some represents a time lag in the ability of merchants to adjust to changes in consumer demands and some, national economic trends. Some of the business districts experienced a decline in business volume along with an increase in inventory and the number of employees. Some experienced a decline in revenue and profit at the same time prices of goods and services were increased. Others had an above average profit level and a below average sales level or an average sales level and a below average change in sales. These are negative imbalances. They represent the need for better pricing practices, better control over the cost of doing business, and knowledge of the special demands of different population groups and the impact of national economic changes upon small, neighborhood businesses. Large businesses selling and manufacturing durable goods have much insight into the market as a result of the work George Katona has undertaken for the Department of Commerce; small business people have very little information to help them -- yet many have been able to do quite well.

Instability may not always represent a problem, however. Usually, relocation and several vacant store spaces are viewed to be bad. To maintain a market, some businesses have to move. To acquire a larger space, others have to move. These movements may represent an adjustment to a changing market and a declining population. Moreover, a significant vacancy rate may have an advantage on rental levels. Vacancy, oftentimes, is temporary. It may represent an adjustment process in the type of businesses an N.B.D. is to contain. Some vacancy, therefore, is a normal market phenomenon and some represents potential low-rent space for new, inexperienced entrepreneurs. Thus, not all of the N.B.D.'s 10 percent plus vacancy rate represents a problem. Only a portion represents abandonment, insufficient maintenance and inadequate business management know-how.

CONSTRAINTS WORKING UPON THE N.B.D.'S

N.B.D.'s have a future; there are, however, limitations and considerations which will influence their future. These considerations include the especially important role N.B.D.'s perform in retail, selected services and finance. In 1970, an estimated 60 percent of all the city's retail establishments, 46 percent of its selected services and 60 percent of its financial establishments were located within N.B.D.'s. Just 20 percent of its real estate-insurance firms and 25 percent of its professional services were in N.B.D.'s. Many of these establishments were in the C.B.D. and scattered locations.

Another consideration in determining the future of N.B.D.'s is the projection of distribution of N.B.D.-type establishments within the Cincinnati region. This estimate of the future indicates that, 1970-1980, retail establishments are not expected to change in number within N.B.D.'s. 1960-1970, the number of retail firms remained stable -- i.e., they increased one percent or less while the city, 1950-1967, experienced a decrease in the number of retail

establishments. This decrease in the number of retail establishments occurring within the city and therefore, the 8-County Ohio-Kentucky-Indiana Region, 1958-1967, is expected to continue, but at a slower rate, 1967-1980, and the city's decline is not expected to occur in the C.B.D. and N.B.D.'s. Many types of retail establishments need to be near other retail establishments in order to draw on each other's customers; therefore, they seek locations where there are other retail activities. 1960-1970, the N.B.D.'s remained stable in the number of retail establishments because of the development of the planned N.B.D.'s. These districts contain mostly retail and very few service establishments. There is limited potential for the development of more within the city, for there is little vacant land available in sizeable tracts. In addition, regional shopping centers, which have at least two of the city's major department stores present within them, are not expected to significantly increase their share of the region's retail establishments and sales, 1967-1980.

Within retail activities it is anticipated that there will be more general retail and fewer convenience retail establishments than in 1970. Some increase, although limited, 1970-1980, can be reasonably expected in the number of general retail establishments because of the increase expected in the number of eating-drinking establishments, miscellaneous retail activities and possibly, furniture-home furnishing establishments. This increase will probably be greater than the limited absolute decline anticipated in hardware-building material dealers and department-variety stores which are feeling the influence of the discount stores, the decline in clothing-accessory stores which will probably continue to prefer regional center locations, and the small decrease that may occur in automotive sales because of the limited space available in N.B.D.'s for expansion of these activities. The only convenience retail activity expected to increase, and that just slightly, is service stations. This increase is expected to be less than the decrease in food stores, especially the limited-item food stores and small groceries whose function will continue to be taken over by the supermarket and chain-type convenience stores.

Furniture-home furnishing establishments, eating-drinking firms, miscellaneous retail, and service stations are expected to continue to select locations having a concentration of retail activities, like regional centers and N.B.D.'s have. Zoning and the benefit derived from being near other business activities are affecting location decisions. 1958-1967, the number of furniture-home furnishing stores and eating-drinking establishments declined within the metropolitan area and city, and miscellaneous retail declined within the city, but all three activities increased in number within the city's N.B.D.'s, 1960-1970. Moreover, of all retail sales, those for furniture-home furnishing stores, eating-drinking establishments and service stations have been increasing in relative importance within the city and region. There is little reason at present to expect these establishment and sales trends to change. The one possible exception may be a leveling or decline in the number of furniture stores because of the decreasing importance of the large, warehouse-type of establishment. The impact of this decline, should it occur, may be counteracted by an increase in interior design and home furnishing stores.

Services are expected to become an even more important function of the N.B.D.'s. Services, unlike retail establishments, are expected to continue to increase in number, but less so in the 1970-1980 decade than in the preceding decade. An increase is expected in selected services because:

1. Selected service establishments benefit from being near retail establishments which attract customers; 1960-1970, the increase in the number of selected service establishments located within N.B.D.'s may have been 15 percent or more;
2. The increase in selected service receipts projected for the city and region is significantly greater than that expected just for inflation; and
3. There is evidence that these activities, like the N.B.D.'s, locate within population concentrations rather than regional shopping centers and other non-N.B.D. locations; it is probable that many cannot afford the shopping center rentals.

The selected services expected to increase in number in N.B.D.'s, 1970-1980, include personal services, auto repair and related activities, amusement-recreational services and business services. The increase in personal services is expected to be less, 1970-1980, than in the preceding decade. The rate of increase in N.B.D.'s seems to have slowed down, 1965-1970. Over 75 percent of the city's personal service establishments, in 1970, were in N.B.D.'s, therefore, the N.B.D.'s are likely to begin to feel the effect of the decline in the city of personal service establishments occurring, 1958-1967, and which is likely to continue at a slower rate, 1967-1980.

Auto repair and related service establishments more than doubled in number in N.B.D.'s, 1960-1970, while in the city and region they declined in number. They are showing a tendency to locate within N.B.D.'s at the same time people are investing more and more money in automobiles and their maintenance. Leisure facilities also increased in number within the N.B.D.'s while they decreased in number in the city as a whole. There is no evidence showing that this trend will change since families spend more money for leisure time as their incomes increase. Incomes and leisure hours, are expected to continue to increase during the 1970-1980 decade.

Business service receipts and establishments have been increasing significantly in the city and are expected to continue to do so, 1967-1980; therefore, it is likely that the N.B.D.'s will continue to attract these activities.

The increase anticipated in the number of N.B.D. financial-real estate-insurance firms, 1970-1980, is likely to be primarily in real estate and insurance. The number of financial establishments in N.B.D.'s increased very little, 1960-1970 (by less than ten establishments). Banks may have increased in number by five and consumer credit establishments by twenty but savings and loans declined in number by nearly twenty. Real estate and insurance activities, however, may have increased in number by about 100 establishments during the same period. These, of course, are industries which have been showing an increase in employment within the metropolitan area and are likely to continue to do so. Many of these activities have a fairly small space requirement and seem to show a preference for locating near other economic activities.

The increase in professional services, 1970-1980, is expected to occur, especially, in the medical and such miscellaneous professional services as architectural and engineering activities. Doctors are already showing a preference for an N.B.D. location; 42 percent of the city's medical services

are estimated to have been in N.B.D.'s, in 1970. Medical services showed the greatest increase of all N.B.D.-type of activities, 1960-1970, an estimated 37 percent increase. Even those doctors having a hospital orientation are locating in N.B.D.'s near the hospitals. Other professional services no longer need to be in a central location; many cannot afford the cost a central location imposes. Thus, they are seeking N.B.D. locations.

Consumer expenditure potential and shopping patterns are helping to define the functions of the future N.B.D.'s. Giving additional confidence to the conclusions relative to the outline of adjustments in establishment types present within the future N.B.D.'s are the estimates of expenditure potential captured by N.B.D. establishments, in 1970. These showed that consumers may be coming into the city for miscellaneous retail purchases and auto repair and related services (as well as for auto and auto parts sales and hardware-building materials dealers). These showed N.B.D. service stations, furniture-home furnishing stores, personal services and local services to have had incomes about equal to the estimated expenditure potential of the city's residents in these types of establishments.

By 1980, if no significant change occurs in the number and estimated income of each type of N.B.D. establishment and in expenditure patterns for households of a given income, miscellaneous retail, auto and auto parts sales and hardware-building material sales will still be bringing consumers into the city's N.B.D.'s and only N.B.D. auto repair and related services will have an income about equal to consumer expenditure potential.

Giving even greater confidence to the portrayal of the future N.B.D.'s establishment composition are the responses consumers gave when asked where they usually purchase -- i.e., city N.B.D.'s, suburban N.B.D.'s, regional shopping centers, non-N.B.D. and non-regional center establishments -- nineteen different goods and services. At least 70 percent of the city's households said they use N.B.D.'s most for groceries, drug stores and dry cleaners and at least half, for service stations, banks and savings and loans. Only about 15 percent said they usually buy their clothing in N.B.D.'s; 75 percent said they do, in regional shopping centers. Reducing confidence in the portrayal is the response of the consumers who buy furniture and appliances. Only 15 percent said they usually used these purchases in N.B.D.'s; 65 percent said they usually use downtown and other regional shopping centers.

A constraint, one which may lead to an alteration to the conclusions cited relative to future establishments when the analyses of the city's thirteen market areas and their N.B.D.'s are completed, is the income limitations of consumers. Consumers of various income levels have their own spending patterns for goods and services. For example, an urban family of \$2,000-\$5,000 per year income and an average size of 3.2 persons spends an estimated \$1,050.00 per year in food stores; \$100.00, in eating-drinking establishments; \$10.00, for personal services; and \$90.00, in clothing stores. A similar family earning \$10,000-\$15,000 per year spends an estimated \$1,300.00 per year in food stores; \$150.00, in eating-drinking establishments; \$100.00, for personal services; and \$265.00, in clothing stores.

Another constraint is the composition of different population groups. Little specific information is relative to these. Enough general knowledge indicates that consumers will differ in the future. For example, basic and characteristic differences exist between the young and the older, and persons available. In addition, the general education

consumers expressed about the quality and variety of goods and services may incorporate some bias. About 80 percent of the respondents were women and the median age of the head of household for those households interviewed was 54-59. The median age of the city's population, in 1970, was 28.8. The attitudes and demand preferences of younger consumers and men may differ from those of the consumers interviewed.

N.B.D.'s will continue to be interrelated in function. Smaller N.B.D.'s will continue to be basically for convenience, including "stop-and-shop" functions, or perform a unique role while the larger ones perform a multiplicity of functions. It is the larger ones, because of the wider range or variety of goods and services, their location along major arterials and bus routes, and, for some, their prestige, that have the greatest potential for maintaining and expanding their activities. These are the N.B.D.'s which seem to have the larger primary market areas. These are the N.B.D.'s which tend to have some establishments whose market is regional.

There is a likelihood that the smaller N.B.D.'s will become somewhat fewer in number in the older areas of the city. Population shifts indicate they should become fewer in number.

The economic vitality of a substantial number of establishment types appears to be somewhat dependent upon the internal arrangement of N.B.D.'s. This is because of the benefit small retail and many convenience service establishments derive from the spin-off effect. Consumers who are drawn to an N.B.D. by its supermarkets, its large variety stores or some other generator establishments oftentimes drop into these smaller stores. This practice suggests an establishment relationship which is exemplified in the design of many planned regional centers. Thus, to maximize the spin-off effect of consumer generators it appears that the smaller establishments should be sandwiched between the generators, the office-type establishments could be located on the outer side of the generators, and the auto-oriented activities should be at the extreme edge of or surround the N.B.D.

The economic vitality of the N.B.D.'s in the future is dependent upon the extent to which the attitudinal and behavioral practices, and all aspects of the N.B.D.'s affected by attitudes and behavior, of both business people and consumers are fixed or to. A change in the attitudes of merchants and consumers has the potential of making some of the predictions of the N.B.D.'s future wrong. A change has the potential of making N.B.D.'s even more important than they are now, especially for those types of general retail establishments not in need of large sites and not dependent upon a mass market.

THE NEXT PHASE OF THE N.B.D. PROGRAM

The initial work of the City Planning Commission on N.B.D.'s has enabled the issues that should be of most concern in any effort designed to maintain and improve the economic vitality of the city's N.B.D.'s to be identified. The next phase of the work must focus upon the clarification of these issues and the specific programs or actions needed to resolve the problems confronting the N.B.D.'s. Thus, in the next phase, for which more further assistance has been granted and more is being sought, there is to be even more attention given to the attitudinal and behavioral practices that are affecting the economic stability and quality of N.B.D.'s and to the need of N.B.D.'s to better adjust

to market changes. Three N.B.D.'s will be selected for the kind of probing needed in order to develop meaningful programs. The focus will be upon crucial issues rather than symptoms. It is symptoms that have led to the misbelief that N.B.D.'s are in decline. The focus will be directed toward a better understanding of why various programs are effective when one set of circumstances exists and not effective when another exists. The focus will be upon the development of programs designed to fulfill four areas of need and of concern. These are:

1. Management, business planning and marketing;
2. Financial needs and techniques;
3. The improvement and development of adequate facilities; and
4. Services provided business people by governmental agencies and other organizations.

This work will require participation of the N.B.D.'s merchants and investors, as well as many governmental agencies and elected officials. It will require more survey research by the University of Cincinnati Institute for Metropolitan Studies. It will require the participation of persons knowledgeable in finance, business management and marketing, organizations like the Chamber of Commerce and Society for the Advancement of Management, and persons and organizations participating in other experimental programs, such as those involved in the Urban Institute - Police Foundation - Cincinnati Police program, which is being funded by the Ford Foundation.

I believe that, with a coordinated attack upon the real issues that are confronting the city's N.B.D.'s, neighborhood businesses will continue to have a future. I believe that decline does not have to be the rule of the future. I believe that business areas can become even more important in meeting the daily needs of residents and in the city's economy. I believe the Planning Commission's and city's challenge and future contribution is that of finding the means to make these predictions come into being. The Planning Commission's effort will continue to be innovative. For some time to come there even will be questioning as to whether or not the economic vitality of the N.B.D.'s should be the concern of a public planning agency. At this time there is only one logical answer: if the Planning Commission does not focus upon the economic needs, as well as the facility needs, of the city's N.B.D.'s, who will? and is this not another aspect of the comprehensive approach to resolving urban problems for which planning agencies are responsible?

M.M.Jenior
8-28-72

¹The statistical calculation of this value equalled 110-115 percent because of error in the assumptions used to make the estimate. The consumer expenditure potential does not reflect 100 percent of a family's expenses for selected services because of limited information on expenditures for services.

²In 1970, for all 5,150 N.B.D.-type establishments located within N.B.D.'s, these values were 48 percent, 26 percent, 8 percent and 18 percent, respectively.

³The test used was the Kolmogorov-Smirnov Cumulative Nonparametric Test.

SELECT PUBLICATIONS OF THE CINCINNATI CITY PLANNING COMMISSION
ON NEIGHBORHOOD BUSINESS DISTRICTS

Neighborhood Business District Study:
Population Estimates and Economic Trends

Potential In-City Residential
Community Activity Centers

A Quantitative Analysis of Cincinnati's Neighborhood
Business Districts (Publication for the City Planning
Commission by the Institute for Metropolitan Studies,
University of Cincinnati)

Summary of the Neighborhood Business District Study

Market Area 14: Basin
Problems, Issues and Recommendations

Market Area 7: College Hill
Problems, Issues and Recommendations

Market Area 11: Evanston-Walnut Hills
Problems, Issues and Recommendations

Market Area 3: Hyde Park
Problems, Issues and Recommendations

Market Area 2: Madisonville
Problems, Issues and Recommendations

Market Area 1: Mt. Washington
Problems, Issues and Recommendations

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Neighborhood business dis-
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